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SUBJECT: ECOWAS MINISTERIAL MEETINGS

¶1. SUMMARY. On August 28, 2006, the Economic Community of West African States (ECOWAS) held ministerial consultations to focus on four issues, restructuring the Secretariat into a Commission, regionalization, the West Africa/European Union (WA/EU) negotiations for an Economic Partnership Agreement (EPA), and migration. The restructuring faces funding issues and the EPA negotiations are stuck in Phase I and need to resume soon to meet the December 2007 deadline. The West African Monetary Institute (WAMI) briefed on progress toward the December 2009 deadline to implement the Second Monetary Zone. That too has challenges due to civil unrest, high fuel prices and member government's ability to maintain budget discipline. End Summary.

¶2. On August 28, 2006, ECOWAS held ministerial consultations to focus on restructuring the Secretariat into a commission and strengthening capacity, implementing regional policies and programs, review the status of the West Africa/European Union (WA/EU) negotiations for a regional Economic Partnership Agreement (EPA), and migration of ECOWAS citizens within and outside the region. Ministers of finance, trade, commerce and foreign affairs of ECOWAS countries, the World Bank, IMF, ADF, UN, and the European Union, and Abuja based diplomats attended.

ECOWAS Restructuring

¶3. In January 2006 meetings in Niamey ECOWAS members approved restructuring and adopted a new legal framework to more efficiently implement ECOWAS policies and programs. The new structure will consist of a Commission, Community Parliament, Community Court of Justice, and the ECOWAS Bank for Investment and Development (EBID).

¶4. The commission will have nine members--a President, Vice President and seven commissioners, with a timetable for the rotation of positions. The President will be responsible for international cooperation, the Vice President for coordinating relations with ECOWAS member countries and the seven commissioners will be responsible for the following portfolios: Administration and Finance; Agriculture, Environment and Water Resources; Human Development and Gender; Infrastructure; Macro-economic policies; Political Affairs, Peace and Security; and Trade, Customs, and the Free Movement of Persons.

¶5. The parliament will have a Plenary, Bureau of Parliament and the Conference of Bureaus. The Plenary will be the supreme authority consisting of representatives from member states. The Bureau of Parliament will be responsible for administrative management and will have a Secretary General, Speaker and four Deputy Speakers. This is intended to bring more structure to administrative and financial systems.

¶16. The administrative function of the Court of Justice will be increased from two to three members consisting of a President, Vice President and the most senior member of the court. The terms of office of President and Vice President will be renewable every two years. The other members of the court will be appointed to non-renewable four year terms with a rotation plan among member states.

Migration

¶17. Although there is a protocol for the free movement of persons with the right of residence and to establish themselves within all the territories of member states, migration has become a very contentious issue within and outside the region. The two dominant categories of immigrants under contention are (1) those forced through civil unrest and, (2) those motivated for economic reasons.

Regional Integration

¶18. ECOWAS's principal initiatives on trade and customs cooperation include the establishment of free trade areas with zero import duty, total elimination of all non-tariff barriers on community originated goods, a regional-oriented trade policy, a Common External Tariff (CET) and Economic Partnership Agreement (EPA). The consultations stressed that each member's national policies should take a regional approach that includes a coherent trade policy with a Common Economic Tariff (CET). This is (supposedly) on track for approval by the end of this year. Next year will be used as a transition period, and in 2008 the tariffs will take effect. However no member country is not obligated to implement all the tariffs until they have assessed the pros and cons, as well as the realities of those countries within the region that are not part of ECOWAS. The Union

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of French Speaking West African States already has a CET in place.

¶19. Two banks existing banks, the ECOWAS Regional Investment Bank (ERIB) for the public sector, and ECOWAS Regional Development Bank (ERDB) for the private sector will be combined under the new commission structure as EBID, headed by a President and two Vice Presidents.

Economic Partnership Agreement (EPA)

¶10. The EPA aims to integrate West Africa into the world economy. The main objective is to create a WA/EU free trade area compatible with GATT (Article XXIV) and GATS (General Agreement on Trade in Services) Article V and to replace the non-reciprocal trade preferences under the Lome Conventions. On August 4, 2004 in Accra a timetable for EPA negotiations were set with three phases to focus on regional integration, improving competitiveness, and trade related issues. Phase 1 was September 2004 to September 2005 to establish a framework. Phase 2 was September 2005 to September 2006 to determine the overall structure and draft an agreement in all trade related areas to be tabled at meetings in Niamey from October 3-6, 2006. Phase 3 was for September 2006 to December 2007; these negotiations were to deal with liberalization including the dismantling of tariffs on goods and services.

¶11. The negotiations have not moved passed Phase 1, and the EU representative stressed they need to resume soon to meet the December 2007 deadline. Some delay is due to diverging points of view. The EU wants to separate trade liberalization from development finance and wants the EPA to promote economic reforms and governance. ECOWAS States want to cushion the adjustments and build institutional capacity to implement and administer the reforms supported by a development assistance component.

West African Monetary Institute (WAMI)

¶12. Director General, Dr. O. Joseph Nnanna represented WAMI. Dr. Nnanna recently moved from the Central Bank of Nigeria where he was

the Director of the Research and Statistics Department. WAMI is to achieve a Second Monetary Zone in the ECOWAS Anglophone countries of Nigeria, Ghana, Sierra Leone, The Gambia and Guinea. When implemented the single currency will be called the "Eco". In the longer term they expect to merge the Eco with the CFA franc.

¶13. To implement the Second Monetary Zone certain criteria must be met by at least two countries in macroeconomic policy, fiscal prudence, external reserves, and Central Bank financing of government. Deadlines in 2003 and in 2005 were missed. On May 6, 2006, the "Banjul Declaration" was adopted with a new deadline of December 2009 with new criteria, including single digit headline inflation, a cap on budget deficit; gross official forex reserves of at least three months of exports, and restricting Central Bank financing of federal government to 10% of the previous year's taxable revenue. Some of the countries in the proposed zone face weak currencies, civil conflicts/unrest and the recent inflationary jump in oil prices, but considerable optimism remains.

¶14. One major issue still to be resolved is how ECOWAS will be financed. In the past it had been through a community levy, but all member countries are not contributing now as per the protocol/agreement. Restructuring and expansion will put additional pressures for increased contributions and capacity of member countries for implementation and administration.

CAMPBELL